

Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 EB-07 SS-15 /035 W

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FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 5090

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DEPARTMENT PLEASE PASS COMMERCE

FROM AMBASSADOR MCAULIFFE FOR DEPUTY ASSISTANT SECRETARY DOWNEY

E.O. 11652: N/A

TAGS: BEXP, HU

SUBJECT: STEIGER-RABA CONNECTION

1. EMBASSY HAS RECEIVED SEVERAL RUMORS--STILL UNCONFIRMED AND PERHAPS UNCONFIRMABLE FROM THIS END--THAT THE U.S. FIRM STEIGER, WHICH ENJOYS EXTREMELY SUCCESSFUL RELATIONSHIP WITH ITS HUNGARIAN PARTNER RABA, MAY BE ENCOUNTERING DIFFICULTIES IN DELIVERING COMPONENTS TO HUNGARY ON SCHEDULE. IT IS DEFINITELY NOT REPEAT NOT MY INTENT TO MEDDLE IN PRIVATE AFFAIRS OF ANY AMERICAN BUSINESS FIRM; BUT RABA'S GENERAL DIRECTOR EDE HORVATH IS NO MERE PLANT MANAGER. HE IS RESPECTED IN EUROPEAN CIRCLES AS GOOD, RELIABLE BUSINESSMAN; BUT, EVEN MORE IMPORTANT, IS FACT THAT, AS MEMBER OF CENTRAL COMMITTEE HUNGARIAN SOCIALIST WORKERS' PARTY, EDE HORVATH POSSESSES REAL POLITICAL CLOUT. IF HORVATH IS UNABLE MEET PRODUCTION NORMS AND GETS HURT, THERE WILL BE OTHER SUFFERERS. THAT ASPECT VALIDATES A U.S. GOVERNMENT INTEREST.

2. PERHAPS YOU OR ONE OF YOUR PEOPLE CAN FIND OPPORTUNITY TO CONTACT STEIGER -- OR PERHAPS INTERNATIONAL HARVESTER WHICH HAS 30 PERCENT EQUITY IN STEIGER -- WITH VIEW TO SMOKING SITUATION OUT AND PERHAPS SPEEDING UP DELIVERIES.

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3. IF THERE ARE PROBLEMS ON EITHER OR BOTH SIDES, IT

SEEMS BETTER TO NIP THEM IN THE BUD THAN ALLOW THEM TO GROW
AND ERUPT PUBLICLY AT THE NEXT ROUND OF THE JOINT
HUNGARIAN-U.S. CHAMBER OF COMMERCE MEETING SCHEDULED FOR
WASHINGTON LATER THIS YEAR.
MCAULIFFE

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